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USDOC FOR 4530/MAC/ANESA/OSA  
ICE HQ FOR STRATEGIC INVESTIGATIONS  
STATE FOR EB/ESP

E.O. 12958: N/A

TAGS: [ETTC](#) [ETRD](#) [BEXP](#) [IN](#)

SUBJECT: EXTRANCHECK: POST-SHIPMENT VERIFICATION: HINDUSTAN  
AERONAUTICS LTD., FOUNDRY & FORGE DIVISION, BANGALORE, LICENSE  
NUMBER D328220

REF: USDOC 09450

¶1. Unauthorized disclosure of the information provided below is prohibited by Section 12(c) of the Export Administration Act.

¶2. On November 26, 2007, Export Control Officer (ECO) Paul Cushman and BIS FSN Prem Narayan conducted a Post-shipment Verification (PSV) at Hindustan Aeronautics Ltd. (HAL), Foundry & Forge Division (F&FD), Bangalore.

¶3. BIS requested a PSV at HAL F&FD, an entity under the Ministry of Defence (MOD), GOI. HAL F&FD was listed as the ultimate consignee for a titanium alloy (Ti-6Al-4V) controlled under ECCN 1C202. The license applicant was ALLVAC, Inc. (ALLVAC), Monroe, North Carolina.

¶4. ECO and FSN Narayan met with V. Swaminathan (Swaminathan), Chief Manager, Integrated Materials Manager (IMM) and Mr. Fernandez, Senior Manager, HAL. Randhir Jaiswal (Jaiswal), Deputy Secretary (AMS), Ministry of External Affairs (MEA), facilitated the meeting. Jaiswal was also present at the meeting.

¶5. In June 2006, BIS New Delhi conducted a favorable PLC for a different BIS export license (D355880) at the HAL Foundry & Forge Division. HAL officials stated that they regularly source titanium alloy from ALLVAC. HAL officials provided documentation for multiple transactions, which exhausted the subject license. They also stated that the manufacturer is never able to supply the exact quantity ordered. It is produced in batches that can vary up to ten percent, more or less than the quantity requested. This potential variation is a condition agreed to by both sides before the order is filled.

¶6. Details of consignment documents provided by HAL are provided below:

(a) HAL Purchase Order 2/20/1298/1 for 13,700 kgs, against ALLVAC Invoice number for 14,516.9 kgs and HAL Receiving Report confirming receipt of 14,516.9 kgs. Note: The HAL Receiving Report reflects the HAL Purchase Order number, Supplier's Invoice number and quantity received along with other details.

(b) HAL Purchase Order 2/20/1730/1 for 1362.7 kgs, HAL Purchase Order 2/20/1730/2 for 1603.2 kgs against ALLVAC Invoice 07558497 for 1,465.1 kgs and ALLVAC Invoice 07558498 for 1,605.7 kgs (total: 3070.8 kgs) and HAL Receiving Report confirming receipt of 3,355.6 kgs. So, HAL F&FD claims to have received 284.8 kgs more Ti-6Al-4V than ALLVAC claims to have shipped.

(c) HAL Purchase Order 2/20/2576 for 13,000 kgs, against ALLVAC Invoice 07572964 for 5,981.1 kgs and Invoice 07577065 for 7,490.7 kgs (total: 13,471.8), two HAL Receiving Reports confirming receipt of 5,993.6 kgs and 8,287 kgs (total: 14,280.6). So, F&FD claims to have received 808.8 kgs more Ti-6Al-4V than ALLVAC claims to have shipped.

¶7. HAL officials provided a copy of the completed form BXA-711 for this transaction. Swaminathan confirmed the stated end-use. It was used to manufacture components for aircraft engines and helicopter transmission systems. Swaminathan stated that all of the titanium alloy purchased under the subject license has been consumed. To illustrate his point, he provided a computer-generated disposition log for the Ti-6Al-4V obtained under this license. ALLVAC provided to HAL F&F a copy of the export license with the license conditions listed on it.

¶8. HAL's Foundry & Forge Division: Established in 1953, HAL Foundry & Forge Division manufactures castings, forgings, rolled rings, brake-pads and rubber products for the aeronautics, space, defense, locomotive, heavy equipment and other industries. The division has the infrastructure and expertise to manufacture radiographic quality castings to international standards. The majority of their work involves alloy fabrication, semi-continuous cast billets, aluminum alloy castings and magnesium alloy castings. The Foundry and Forge Division employs approximately 695 personnel.

¶9. Recommendation: Based on the interview with HAL officials and a careful review of the supporting documents they provided, it appears that HAL's Foundry and Forge Division received and consumed the listed commodity in accordance with the conditions of the license. However, because a physical inspection of the listed commodity could not be accomplished, this Post-shipment Verification remains inconclusive.

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